

**EXHIBIT A**

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May 10, 2007

## Faster Fashion, Cheaper Chic

By RUTH LA FERLA

LOS ANGELES

COLIBRI EVANS navigated the aisles of Forever 21 at the Beverly Center last week with a sure step and a shrewd eye. Her mother, Sasha Evans, was more circumspect, offering for Colibri's approval a string of neo-hippie beads Joss Stone might have coveted.

"It's her job to say 'Yes, No, Yes, No,' " Mrs. Evans said, nodding toward her daughter, a 29-year-old music producer. "She tells me what's cool and what's too young for me."

It was Mrs. Evans's first visit to a store that at first glance seemed to cater exclusively to the sparkle gloss-and-cami set. All the same she was intent on finding "maybe a nice overshirt," she said, "something summery that hides my questionable areas."

With Mother's Day just over a week away, a trip to the cavernous fashion bazaar at the uppermost level of the mall promised to cement a bond. "For me it's a way of our just being together, of spending some quality time with my mom," Ms. Evans said.

Bonding is only part of a larger emotional payoff for recreational shoppers like the Evanses, who throng the store, part of the rapidly expanding Forever 21 chain, giddy at the prospect of daily deliveries of fresh, trend-driven fashions at prices that undercut even those of its competitor H&M, across the corridor.

By relentlessly chasing trends and catering to an ever-widening market — young women and matrons, men and toddlers — Forever 21 has positioned itself as a retail powerhouse, the American answer to fast fashion emporiums like the European-based Zara, Mexx and H&M.

The privately held company has galloped ahead in recent years, doubling its number of stores to 400 since 2005. Retail analysts estimate sales have grown to more than \$1 billion last year from about \$640 million in 2005.

"They are playing by a different set of rules," said Howard Davidowitz, a New York retail consultant,

partly by catering to entire families rather than focusing on teenagers, but also by rivaling competitors in scale. Forever 21 stores are typically 25,000 square feet, roughly five times that of many Anthropologie or Gap stores.

Don and Jin Chang, the founders and owners of the chain, opened their first store on Figueroa Street in downtown Los Angeles in the mid-1980s. The small shop, aimed primarily at schoolgirls, proved successful enough that the Changs, who immigrated from South Korea, were able to add new stores on an average of every six months. By the early '90s, Forever 21 was a significant mall presence.

The purchase of Gadzooks, a Midwest clothing retailer, for about \$33 million at auction two years ago placed the chain "in the land of the giants," Mr. Davidowitz said.

Last year the company opened its retail showpiece, a 40,000-square-foot store in Pasadena, Calif., offering women's, men's and children's clothing, accessories and lingerie. Clearly the jewel in the family diadem, it is housed in a former Saks Fifth Avenue with silver candelabra posted at the door. The company also operates a Web site, [Forever21.com](http://Forever21.com) and, as of this year, 17 free-standing For Love accessories stores.

Mrs. Chang, who is in her 50s, cultivates an all-but-invisible profile. She declined to appear for a scheduled interview, dispatching Lisa Boisset, the company's vice president for merchandise, to speak for her. Ms. Boisset discussed her boss, who appears in photographs as a trim woman with dark hair that swings well past her shoulders, with a born-again zeal.

Her eyes appeared to well spontaneously as she talked about the Changs' deep-rooted spirituality. The Changs' Christian faith is telegraphed near the bottom of the stores' trademark yellow shopping bags with the stamp, John 3:16, referring to a biblical passage.

Ms. Boisset described the Changs as ever on the prowl for ideas and trends. While it takes a designer like Marc Jacobs or Michael Kors several months to get clothes into stores after their debut on the runways, Forever 21 delivers interpretations of the same looks within six weeks.

Among the stores' hip offerings this month are a club-friendly white cotton corset trimmed in midnight blue lace (\$19.80), a scarlet cotton swing jacket cropped well above the waist (\$27.80), denim capri pants (\$27.80) and a puff-sleeve hoodie sprinkled with tiny hearts (\$17.80).

The chain says it employs no designers, "just very savvy designer merchants," Ms. Boisset said. Although these merchants' skills are at the heart of Forever 21's success in offering shoppers faithful adaptations of runway hits, the company declined to make them available for an interview.

“Our design process is proprietary,” Ms. Boisset said.

Forever 21 maneuvered its way into the cheap-chic arena at a propitious moment. “Consumers were cross-shopping more than ever and growing more confident that they don’t have to rely on name brand to ensure good taste,” said Robert Burke, a New York retail consultant. He added that in the last two years the company managed to shed its formerly frowzy image, one he characterized as “mostly bad polka dots — a little Melanie Griffith ‘Working Girl.’ ”

Whereas its rival H&M offers both dolly-bird styles and urban chic staples like trench jackets and pencil skirts, Forever 21 appeals to shoppers with a sweet tooth who snap up toxic-colored psychedelic prints like M&Ms. But at the Beverly Center store, a more subdued style caught the eye of one shopper in her 50s, a consultant to graduate students, who was too embarrassed to give her full name.

“I feel a little self-conscious coming here by myself,” she confided. “I’m too old.” While she would bypass 90 percent of the store’s offerings, she called the remainder “an incredible buy.” Then she made for the register clutching a flower-patterned cotton shirt priced at \$22.80. “How do you beat that?” she exulted.

Unlike the eye-searingly bright and tidy stores in Los Angeles, the Forever 21 emporiums on West 34th Street and in Union Square in Manhattan have the hectic appeal of a jumble sale, with teeming aisles, cramped racks and the occasional pair of shorts or skirt trampled underfoot — as chaotic, you imagine, as the inside of Lindsay Lohan’s closet.

On a recent Friday evening, discarded merchandise was hurriedly ferried from the canvas-curtained fitting rooms back to the racks and to tables piled pell-mell with castoffs. Colleen O’Neill, who works in the buying office of MaxMara, the Italian fashion label, ignored the line snaking toward the changing area, preferring to stand in the middle of the sales floor tugging a tropical print sundress over her shirt. “Who can wait for a fitting room,” she said.

With a friend and a fellow worker, Ana Burcroff, Ms. O’Neill scours the store for bargains every other day. “But it’s really hard to find things here in your size,” she said, explaining that they sell out quickly, “so we look for a style we like and go back and buy it online back at work.”

She liked that “the clothes are on trend,” she added, “almost indistinguishable from designer clothes.”

Indeed. On the evidence of the wares at stores in Los Angeles and Manhattan, the merchants are clever enough to emulate a handful of retail competitors, reproducing the styles scouted on the runways and at upscale boutiques.

Diane Von Furstenberg filed a lawsuit last month against Forever 21 for replicating a DVF dress down to

its print, fabric and color. Current law does not protect clothing design from being copied (logos are an exception), but Ms. Von Furstenberg and other American designers have been lobbying Congress since last year to expand the copyright statute that protects music and books. Such a change is considered a long shot.

Anna Corinna, a partner at Foley & Corinna, a boutique on Manhattan's Lower East Side, was startled to discover a photograph of a Forever 21 evening dress on a blog, [Fashionista.com](http://Fashionista.com), alongside one of her store's designs. From their fluid cut and noodle straps to the floral panel running down their fronts, the dresses were almost identical. The Foley & Corinna dress sells for more than \$400, the copy for about \$40.

"When I looked at those pictures, I didn't know which dress was ours at first," Ms. Corinna said. "It's almost as if their people had told themselves: 'Mmm, this is good stuff. Let's forget product development and just make what they are doing.'"

"I would understand their being 'influenced or inspired by.' Everyone is," she added. "But this is just a blatant steal." She is not planning to take action.

Ms. Boisset of Forever 21 said that the company works with many suppliers and does not always know where their ideas originate.

In such cases, it is sometimes the customer who has the last word. "I found a wrap dress here that looked just like one by Diane Von Furstenberg," Ms. O'Neill recalled as she shopped at the 34th Street store in Manhattan. Did it trouble her that the company appeared to be trading in knockoffs? "Not really," she confessed. "That dress, you know, I bought it."

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